

## § 848. "Intercoastal Shipping Act."

This chapter may be cited as the Intercoastal Shipping Act, 1933. (Mar. 3, 1933, ch. 199, § 8 (6), 47 Stat. 1427; June 23, 1938, ch. 600, § 43 (d), 52 Stat. 965.)

## CODIFICATION

Section 43 (e) of act June 23, 1938, cited to the text, renumbered section 6 of act Mar. 3, 1933, cited to the text, to be section 8 of said act of Mar. 3, 1933, to "take effect ninety days after the enactment" of said act June 23, 1938.

## REPEALS

For provisional repeal, see note preceding section 801 of this title.

## Chapter 24.—MERCHANT MARINE ACT, 1920

## Sec.

- 861. Purpose and policy of United States.
- 862. Acts repealed; limitations; settlement of matters arising out of exercise of powers conferred by repealed Acts.
- 863. Transfer to Shipping Board of vessels and other property acquired by President.
- 864. Sale of vessels; terms and conditions.
- 865. Sale to aliens.
- 866. Establishment and operation of steamship lines between ports of United States.
- 867. Investigation of port, terminal, and warehouse facilities.
- 868. Vessels sold under deferred payment plan; insurance.
- 869. Creation of fund for insurance of interests of United States.
- 870. Repealed.
- 870a. Fund as revolving one; interest on loans; proceeds from sale of certain vessels.
- 870b-870d. Construction loan fund extended to whaling and/or fishing vessels.
- 871. Repair and operation of vessels until sale.
- 872. Sale of property other than vessels.
- 873. Repealed.
- 874. Authority in respect to housing privileges for employees terminated.
- 875. Possession and control of terminal equipment and facilities.
- 876. Power of commission to make rules and regulations.
- 877. Coastwise laws extended to island Territories and possessions.
- 878. Deductions allowed owners of documented vessels of United States for income and excess-profits tax purposes.
- 879. Exemption from income taxes on sales of documented vessels.
- 880. United States mails carried on American-built documented vessels.
- 881. Classification of vessels by American Bureau of Shipping.
- 882. Number of passengers cargo vessels may carry.
- 883. Transportation of merchandise between points in United States in other than domestic-built and documented vessels.
- 884. Charges for transportation subject to "Interstate Commerce Act."
- 885. Association of marine insurance companies; application of antitrust laws.
- 886. Repealed.
- 887. Partial invalidity.
- 888. Definitions.
- 889. "Merchant Marine Act."

## § 861. Purpose and policy of United States.

It is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be

owned and operated privately by citizens of the United States; and it is declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine, and, insofar as may not be inconsistent with the express provisions of this act, the United States Maritime Commission shall, in the disposition of vessels and shipping property as hereinafter provided, in the making of rules and regulations, and in the administration of the shipping laws keep always in view this purpose and object as the primary end to be attained. (June 5, 1920, ch. 250, § 1, 41 Stat. 988; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016.)

## REFERENCES IN TEXT

Phrase "this act" refers to act June 5, 1920, cited to text, which is contained in sections 13, 597, 599, 688, 808, 812, 813, 861, 864-869, 871, 872, 875-877, 880-885, 887-889, 911, 921-927, 941, 951-954, 961, 971-975 and 981-984 of this title.

## TRANSFER OF FUNCTIONS

"United States Maritime Commission", to which reference is also made, originally read "United States Shipping Board." For dissolution of the Board and transfer of its functions to the Commission, see note under section 804 of this title.

## § 862. Acts repealed; limitations; settlement of matters arising out of exercise of powers conferred by repealed Acts.

## CODIFICATION

Section, act June 5, 1920, ch. 250, § 2, 41 Stat. 988, repealed certain provisions enacted during the World War which related to the construction, acquisition, and operation of ships during the emergency then existing. The section further provided that the enforcement of certain penalties and contract rights should not be affected by the repeal. Subsections (a) (1)-(5) of the section enumerated the acts and parts of acts repealed as follows:

"(1) The emergency shipping fund provisions of the Act entitled 'An Act making appropriations to supply urgent deficiencies in appropriations for the Military and Naval Establishments on account of war expenses for the fiscal year ending June 30, 1917, and for other purposes,' approved June 15, 1917 (ch. 29, 40 Stat. 182), as amended by the Act entitled 'An Act to amend the emergency shipping fund provisions of the Urgent Deficiency Appropriation Act, approved June 15, 1917, so as to empower the President and his designated agents to take over certain transportation systems for the transportation of shipyard and plant employees, and for other purposes,' approved April 22, 1918 (ch. 62, 40 Stat. 535), and as further amended by the Act entitled 'An Act making appropriation to supply deficiencies in appropriations for the fiscal year ending June 30, 1919, and prior fiscal years, on account of war expenses, and for other purposes,' approved November 4, 1918 (ch. 201, 40 Stat. 1022).

"(2) Section 3 of such Act of April 22, 1918 (ch. 62, 40 Stat. 535).

"(3) The paragraphs numbered 2 and 3 under the heading 'Emergency shipping fund' in such Act of November 4, 1918 (ch. 201, 40 Stat. 1022); and

"(4) The Act entitled 'An Act to confer on the President power to prescribe charter rates and freight rates and to requisition vessels, and for other purposes,' approved July 18, 1918 (ch. 157, 40 Stat. 913).

"(5) Sections 5, 7, and 8, Shipping Act, 1916 (Sept. 7, 1916, ch. 451, 39 Stat. 730)."

## § 863. Transfer to Shipping Board of vessels and other property acquired by President.

## CODIFICATION

Section, act June 5, 1920, ch. 250, § 4, 41 Stat. 990, transferred to the former United States Shipping Board

all vessels (except those in the military or naval service) acquired by the President under the acts repealed by former section 862 of this title or under Res. May 12, 1917, ch. 13, 40 Stat. 75. For dissolution of the United States Shipping Board and transfer of its functions to the United States Maritime Commission, see note under section 804 of this title.

#### § 864. Sale of vessels; terms and conditions.

In order to accomplish the declared purposes of this act, and to carry out the policy declared in section 861 of this title, the commission is authorized and directed to sell, as soon as practicable, consistent with good business methods and the objects and purposes to be attained by this act, at public or private competitive sale after appraisement and due advertisement, to persons who are citizens of the United States except as provided in section 865 of this title, all of the vessels acquired by the commission under former sections 862 and 863 of this title or otherwise. Such sale shall be made at such prices and on such terms and conditions as the commission may prescribe, but the completion of the payment of the purchase price and interest shall not be deferred more than fifteen years after the making of the contract of sale. The commission in fixing or accepting the sale price of such vessels shall take into consideration the prevailing domestic and foreign market price of, the available supply of, and the demand for vessels, existing freight rates and prospects of their maintenance, the cost of constructing vessels of similar types under prevailing conditions, as well as the cost of the construction or purchase price of the vessels to be sold, and any other facts or conditions that would influence a prudent, solvent business man in the sale of similar vessels or property which he is not forced to sell. All sales made under the authority of this act shall be subject to the limitations and restrictions of section 808 of this title. (June 5, 1920, ch. 250, § 5, 41 Stat. 990; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016.)

#### REFERENCES IN TEXT

Phrase "this act" refers to act June 5, 1920, cited to text, for distribution of which see note under section 861 of this title.

#### TRANSFER OF FUNCTIONS

In this section as originally enacted, "Commission" read "Board," meaning the United States Shipping Board. For dissolution of the United States Shipping Board and transfer of its functions to the United States Maritime Commission, see note under section 804 of this title.

#### § 865. Sale to aliens.

The commission is authorized and empowered to sell to aliens, at such prices and on such terms and conditions as it may determine, not inconsistent with the provisions of section 864 of this title (except that completion of the payment of the purchase price and interest shall not be deferred more than ten years after the making of the contract of sale), such vessels as it shall, after careful investigation, deem unnecessary to the promotion and maintenance of an efficient American merchant marine; but no such sale shall be made unless the commission, after diligent effort, has been unable to sell, in accordance with the terms and conditions of said section, such vessels to persons citizens of the

United States, and has, upon an affirmative vote of not less than five of its members, spread upon the minutes of the commission, determined to make such sale; and it shall make as a part of its records a full statement of its reasons for making such sale. Deferred payments of purchase price of vessels under this section shall bear interest at the rate of not less than 5½ per centum per annum, payable semiannually. (June 5, 1920, ch. 250, § 6, 41 Stat. 991; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016.)

#### TRANSFER OF FUNCTIONS

"Commission", as used in this section, originally read "Board", meaning the United States Shipping Board. For dissolution of said Board and transfer of its functions to United States Maritime Commission, see note under section 804 of this title.

#### § 866. Establishment and operation of steamship lines between ports of United States.

##### *Investigation and determination by commission.*—

The commission is authorized and directed to investigate and determine as promptly as possible after June 5, 1920, and from time to time thereafter what steamship lines should be established and put in operation from ports in the United States or any Territory, District, or possession thereof to such world and domestic markets as in its judgment are desirable for the promotion, development, expansion, and maintenance of the foreign and coastwise trade of the United States and an adequate postal service, and to determine the type, size, speed, and other requirements of the vessels to be employed upon such lines and the frequency and regularity of their sailings, with a view to furnishing adequate, regular, certain, and permanent service.

*Sale or charter of vessels.*—The commission is authorized to sell, and if a satisfactory sale cannot be made, to charter such of the vessels referred to in section 863 of this title, or otherwise acquired by the commission, as will meet these requirements to responsible persons who are citizens of the United States who agree to establish and maintain such lines upon such terms of payment and other conditions as the commission may deem just and necessary to secure and maintain the service desired; and if any such steamship line is deemed desirable and necessary, and if no such citizen can be secured to supply such service by the purchase or charter of vessels on terms satisfactory to the commission, the commission shall operate vessels on such line until the business is developed so that such vessels may be sold on satisfactory terms and the service maintained, or unless it shall appear within a reasonable time that such line cannot be made self-sustaining.

*Preference in sales or charters.*—Preference in the sale or assignment of vessels for operation on such steamship lines shall be given to persons who are citizens of the United States who have the support, financial and otherwise, of the domestic communities primarily interested in such lines if the commission is satisfied of the ability of such persons to maintain the service desired and proposed to be maintained, or to persons who are citizens of the United States who may then be maintaining a service from the port of the United States to or in

the general direction of the world-market port to which the commission has determined that such service should be established.

*Lines established by shipping board; continued operation.*—Where steamship lines and regular service had been established and were being maintained by ships of the United States Shipping Board on June 5, 1920, such lines and service shall be maintained by the commission until, in the opinion of the commission, the maintenance thereof is unbusinesslike and against the public interests.

*Additional lines established by Commission; rates and charges.*—Whenever the commission shall determine, as provided in this act, that trade conditions warrant the establishment of a service or additional service under Government administration where a service is already being given by persons, citizens of the United States, the rates and charges for such Government service shall not be less than the cost thereof, including a proper interest and depreciation charge on the value of Government vessels and equipment employed therein. (June 5, 1920, ch. 250, § 7, 41 Stat. 991; May 22, 1928, ch. 675, § 414 (b), 45 Stat. 696; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016.)

#### REFERENCES IN TEXT

Phrase "this act" refers to act June 5, 1920, cited to text, for distribution of which see note under section 861 of this title.

Section 863 of this title referred to in text was omitted as obsolete. See note under section 863 of this title.

#### TRANSFER OF FUNCTIONS

In this section as originally enacted, "Commission" read "Board", meaning the United States Shipping Board. For dissolution of the United States Shipping Board and transfer of its functions to the United States Maritime Commission, see note under section 804 of this title.

#### § 867. Investigation of port, terminal, and warehouse facilities.

It shall be the duty of the commission, in cooperation with the Secretary of War, with the object of promoting, encouraging, and developing ports and transportation facilities in connection with water commerce over which it has jurisdiction, to investigate territorial regions and zones tributary to such ports, taking into consideration the economies of transportation by rail, water, and highway and the natural direction of the flow of commerce; to investigate the causes of the congestion of commerce at ports and the remedies applicable thereto; to investigate the subject of water terminals, including the necessary docks, warehouses, apparatus, equipment, and appliances in connection therewith, with a view to devising and suggesting the types most appropriate for different locations and for the most expeditious and economical transfer or interchange of passengers or property between carriers by water and carriers by rail; to advise with communities regarding the appropriate location and plan of construction of wharves, piers, and water terminals; to investigate the practicability and advantages of harbor, river, and port improvements in connection with foreign and coastwise trade; and to investigate any other matter that may tend to promote and encourage the use by vessels of ports adequate to care for

the freight which would naturally pass through such ports: *Provided*, That if after such investigation the commission shall be of the opinion that rates, charges, rules, or regulations of common carriers by rail subject to the jurisdiction of the Interstate Commerce Commission are detrimental to the declared object of this section, or that new rates, charges, rules, or regulations, new or additional port terminal facilities, or affirmative action on the part of such common carriers by rail is necessary to promote the objects of this section, the Maritime Commission may submit its findings to the Interstate Commerce Commission for such action as such commission may consider proper under existing law. (June 5, 1920, ch. 250, § 8, 41 Stat. 992; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016.)

#### TRANSFER OF FUNCTIONS

"Commission" and "Maritime Commission", as used in this section, originally read "Board", meaning the United States Shipping Board. For dissolution of said Board and transfer of its functions to United States Maritime Commission, see note under section 804 of this title.

#### § 868. Vessels sold under deferred payment plan; insurance.

If the terms and conditions of any sale of a vessel made under the provisions of this act include deferred payments of the purchase price, the commission shall require, as part of such terms and conditions, that the purchaser of the vessel shall keep the same insured (a) against loss or damage by fire, and against marine risks and disasters, and war and other risks if the commission so specifies, with such insurance companies, associations or underwriters, and under such forms of policies, and to such an amount, as the commission may prescribe or approve; and (b) by protection and indemnity insurance with such insurance companies, associations, or underwriters and under such forms of policies, and to such an amount as the commission may prescribe or approve. The insurance required to be carried under this section shall be made payable to the commission and/or to the parties as interest may appear. The commission is authorized to enter into any agreement that it deems wise in respect to the payment and/or the guarantee of premiums of insurance. (June 5, 1920, ch. 250, § 9, 41 Stat. 992; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016.)

#### REFERENCES IN TEXT

Phrase "this act" refers to act June 5, 1920, cited to text, for distribution of which see note under section 861 of this title.

#### TRANSFER OF FUNCTIONS

In this section as originally enacted "Commission" read "Board", meaning the United States Shipping Board. For dissolution of the United States Shipping Board and transfer of its functions to the United States Maritime Commission, see note under section 804 of this title.

#### § 869. Creation of fund for insurance of interests of United States.

The commission may create out of insurance premiums, and revenue from operations and sales, and maintain and administer separate insurance funds which it may use to insure in whole or in part against

all hazards commonly covered by insurance policies in such cases, any legal or equitable interest of the United States (1) in any vessel constructed or in process of construction; and (2) in any plants or property in the possession or under the authority of the commission. The United States shall be held to have such an interest in any vessel toward the construction, reconditioning, remodeling, improving, or equipping of which a loan has been made under the authority of this act, in any vessel upon which it holds a mortgage or lien of any character, or in any vessel which is obligated by contract with the owner to perform any service in behalf of the United States, to the extent of the Government's interest therein. (June 5, 1920, ch. 250, § 10, 41 Stat. 992; May 22, 1928, ch. 675, § 501, 45 Stat. 697; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016.)

#### REFERENCES IN TEXT

Phrase "this act" refers to act June 5, 1920, cited to text, for distribution of which see note under section 861 of this title.

#### TRANSFER OF FUNCTIONS

In this section as originally enacted "Commission" read "Board", meaning the United States Shipping Board. For dissolution of the United States Shipping Board and transfer of its functions to the United States Maritime Commission, see note under section 804 of this title.

#### § 870. Repealed. June 29, 1936, ch. 858, title IX, § 903 (b), (c), 49 Stat. 2016.

Section, acts June 5, 1920, ch. 250, § 11, 41 Stat. 993, as amended June 6, 1924, ch. 273, § 1, 43 Stat. 467; Mar. 4, 1927, ch. 512, § 1, 44 Stat. 1451; May 22, 1928, ch. 675, § 301 (a), 45 Stat. 690; Feb. 2, 1931, ch. 100, 46 Stat. 1059, provided for a construction loan fund for aiding in the construction of vessels. See section 1116 of this title.

#### § 870a. Fund as revolving one; interest on loans; proceeds from sale of certain vessels.

##### CODIFICATION

Section, act Mar. 4, 1927, ch. 512, § 2, 44 Stat. 1451, related to disposition of funds received in repayment of loans, under former section 870 of this title, as interest on said loans and from sales of vessels. Present provisions relating to such moneys are contained in section 1116 of this title.

#### §§ 870b-870d. Construction loan fund extended to whaling and/or fishing vessels.

##### CODIFICATION

In letter dated Feb. 26, 1941, the chairman of the U. S. Maritime Commission suggested that these sections, act Apr. 16, 1934, ch. 148, §§ 1-3, 48 Stat. 596, were impliedly repealed by act June 29, 1936, ch. 858, § 903 (b), 49 Stat. 2016.

#### § 871. Repair and operation of vessels until sale.

All vessels may be reconditioned and kept in suitable repair and until sold shall be managed and operated by the commission or chartered or leased by it on such terms and conditions as the commission shall deem wise for the promotion and maintenance of an efficient merchant marine, pursuant to the policy and purposes declared in sections 861 and 864 of this title.

The term "reconditioned" as used in this section includes the substitution of the most modern, most efficient, and most economical types of internal-combustion engines as the main propulsive power of vessels. Should the commission have any such

engines built in the United States and installed, in private shipyards or navy yards of the United States, in one or more merchant vessels owned by the United States, and the cost to the commission of such installation exceeds the amount of funds otherwise available to it for that use, the commission may transfer to its funds from which expenditures under this section may be paid, from its construction fund authorized by section 870, so much as in its judgment may be necessary to meet obligations under contracts for such installation; and the Treasurer of the United States shall, at the request of the commission, make the transfer accordingly: *Provided*, That the total amount expended by the commission for this purpose shall not in the aggregate exceed \$25,000,000. Any such vessel so equipped by the commission under the provisions of this section shall not be sold for a period of five years from the date the installation thereof is completed, unless it is sold for a price not less than the cost of the installation thereof and of any other work of reconditioning done at the same time plus an amount not less than \$10 for each dead-weight ton of the vessel as computed before such reconditioning thereof is commenced. The date of the completion of such installation and the amount of the dead-weight tonnage of the vessel shall be fixed by the commission: *Provided further*, That in fixing the minimum price at which the vessel may thus be sold the commission may deduct from the aggregate amount above prescribed 5 per centum thereof per annum from the date of the installation to the date of sale as depreciation: *And provided further*, That no part of such fund shall be expended upon the reconditioning of any vessel unless the commission shall have first made a binding contract for a satisfactory sale of such vessel in accordance with the provisions of this act, or for the charter or lease of such vessels for a period of not less than five years by a capable, solvent operator; or unless the commission is prepared and intends to directly put such vessel in operation immediately upon completion. Such vessel, in any of the enumerated instances, shall be documented under the laws of the United States and shall remain documented under such laws for a period of not less than five years from the date of the completion of the installation, and during such period it shall be operated only on voyages which are not exclusively coastwise. (June 5, 1920, ch. 250, § 12, 41 Stat. 993; June 6, 1924, ch. 273, § 2, 43 Stat. 468; Feb. 11, 1927, ch. 104, § 1, 44 Stat. 1083; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 203, 204, 206, 904, 49 Stat. 1987, 2016; Aug. 26, 1937, ch. 822, § 2, 50 Stat. 839.)

#### REFERENCES IN TEXT

Phrase "this act" refers to act June 5, 1920, cited to text, for distribution of which see note under section 861 of this title.

Section 870 of this title, to which reference is made in this section, has been repealed.

#### TRANSFER OF FUNCTIONS

In this section as originally enacted "Commission" read "Board", meaning the United States Shipping Board. For dissolution of the United States Shipping Board and transfer of its functions to the United States Maritime Commission, see note under section 804 of this title.

## U. S. SHIPPING BOARD MERCHANT FLEET CORPORATION

The first paragraph of this section originally contained a further provision continuing the United States Shipping Board Merchant Fleet Corporation in existence with authority to operate vessels. Said corporation was subsequently dissolved by act June 29, 1936, ch. 858, Title II, § 203, 49 Stat. 1987.

## § 872. Sale of property other than vessels.

The commission is further authorized to sell all property other than vessels transferred to it under section 863 of this title upon such terms and conditions as the board may determine and prescribe. (June 5, 1920, ch. 250, § 13, 41 Stat. 993; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016.)

## TRANSFER OF FUNCTIONS

"Commission," as used in this section, originally read "Board," meaning the United States Shipping Board. For dissolution of said Board and transfer of its functions to United States Maritime Commission, see note under section 804 of this title.

Section 863 of this title referred to in text has been omitted as obsolete. See note under said section.

## § 873. Repealed. June 29, 1936, ch. 858, Title IX, § 903 (b), 49 Stat. 2016.

Section, act June 5, 1920, ch. 250, § 14, 41 Stat. 993, related to the disposition of the net proceeds of activities of the Shipping Board.

## § 874. Authority in respect to housing privileges for employees terminated.

## CODIFICATION

Section, act June 5, 1920, ch. 250, § 16, 41 Stat. 994, terminated all authority granted the United States Emergency Fleet Corporation to acquire houses, buildings, or lands under certain acts.

## § 875. Possession and control of terminal equipment and facilities.

The possession and control of docks, piers, warehouses, wharves, and terminal equipment and facilities or parts thereof, including all leasehold easements, rights of way, riparian rights, and other rights, estates, or interests therein or appurtenant thereto, other than those acquired by the President under Act March 28, 1918, ch. 28, 40 Stat. 459, which were acquired by the War Department or the Navy Department for military or naval purposes during the war emergency may be transferred by the President to the commission whenever the President deems such transfer to be for the best interests of the United States.

The President may at any time he deems it necessary, by order setting out the need therefor and fixing the period of such need, permit or transfer the possession and control of any part of the property taken over by or transferred to the commission under this section to the War Department or the Navy Department for their needs, and when in the opinion of the President such need therefor ceases the possession and control of such property shall revert to the commission. None of such property shall be sold except as may be provided by law. (June 5, 1920, ch. 250, § 17, 41 Stat. 994; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016.)

## CODIFICATION

As originally enacted, this section contained an additional paragraph directing the Commission to take over, on January 1, 1921, certain terminal facilities acquired by the President under act Mar. 28, 1918, ch. 28, 40 Stat. 459.

## TRANSFER OF FUNCTIONS

"Commission," as used in this section, originally read "Board," meaning the United States Shipping Board. For dissolution of said Board and transfer of its functions to United States Maritime Commission, see note under section 804 of this title.

## § 876. Power of commission to make rules and regulations.

(1) The commission is authorized and directed in aid of the accomplishment of the purposes of this act—

(a) To make all necessary rules and regulations to carry out the provisions of this act;

(b) To make rules and regulations affecting shipping in the foreign trade not in conflict with law in order to adjust or meet general or special conditions unfavorable to shipping in the foreign trade, whether in any particular trade or upon any particular route or in commerce generally, and which arise out of or result from foreign laws, rules, or regulations or from competitive methods or practices employed by owners, operators, agents, or masters of vessels of a foreign country; and

(c) To request the head of any department, board, bureau, or agency of the Government to suspend, modify, or annul rules or regulations which have been established by such department, board, bureau, or agency, or to make new rules or regulations affecting shipping in the foreign trade other than such rules or regulations relating to the Public Health Service, the Consular Service, and the steamboat inspection service.

(2) No rule or regulation shall be established by any department, board, bureau, or agency of the Government which affects shipping in the foreign trade, except rules or regulations affecting the Public Health Service, the Consular Service, and the steamboat inspection service, until such rule or regulation has been submitted to the commission for its approval and final action has been taken thereon by the commission or the President.

(3) Whenever the head of any department, board, bureau, or agency of the Government refuses to suspend, modify, or annul any rule or regulation, or make a new rule or regulation upon request of the commission, as provided in subdivision (c) of paragraph (1) of this section, or objects to the decision of the commission in respect to the approval of any rule or regulation, as provided in paragraph (2) of this section, either the commission or the head of the department, board, bureau, or agency which has established or is attempting to establish the rule or regulation in question may submit the facts to the President, who is authorized to establish or suspend, modify, or annul such rule or regulation.

(4) No rule or regulation shall be established which in any manner gives vessels owned by the United States any preference or favor over those vessels documented under the laws of the United States and owned by persons who are citizens of the

United States. (June 5, 1920, ch. 250, § 19, 41 Stat. 995; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016.)

#### REFERENCES IN TEXT

Phrase "this act" refers to act June 5, 1920, cited to text, for distribution of which see note under section 861 of this title.

#### TRANSFER OF FUNCTIONS

In this section as originally enacted "Commission" read "Board", meaning the United States Shipping Board. For dissolution of the United States Shipping Board and transfer of its functions to the United States Maritime Commission, see note under section 804 of this title.

The Steamboat Inspection Service was consolidated in the Bureau of Marine Inspection and Navigation which was later abolished. Functions relating to the inspection of vessels are now vested in the Commandant of the Coast Guard. See notes under section 1 of this title.

#### § 877. Coastwise laws extended to island Territories and possessions.

From and after February 1, 1922, the coastwise laws of the United States shall extend to the island Territories and possessions of the United States not covered thereby on June 5, 1920, and the Commission is directed prior to the expiration of such year to have established adequate steamship service at reasonable rates to accommodate the commerce and the passenger travel of said islands and to maintain and operate such service until it can be taken over and operated and maintained upon satisfactory terms by private capital and enterprise: *Provided*, That if adequate shipping service is not established by February 1, 1922, the President shall extend the period herein allowed for the establishment of such service in the case of any island Territory or possession for such time as may be necessary for the establishment of adequate shipping facilities therefor: *And provided further*, That the coastwise laws of the United States shall not extend to the Virgin Islands of the United States until the President of the United States shall, by proclamation, declare that such coastwise laws shall extend to the Virgin Islands and fix a date for the going into effect of same. (June 5, 1920, ch. 250, § 21, 41 Stat. 997; Ex. Ord. No. 6166, § 12, June 10, 1933; Apr. 16, 1936, ch. 228, 49 Stat. 1207; June 29, 1936, ch. 858, title IX, § 904, 49 Stat. 2016; Proc. No. 2695, July 4, 1946, 11 F. R. 7517, 60 Stat. 1352.)

#### CODIFICATION

Provisos authorizing the government of the Philippine Islands to regulate transportation between ports or places in the Philippine Archipelago until Congress authorized the registry of vessels owned in those islands, and providing that this section should not go into effect in the Philippine Islands until after investigation and proclamation by the President, were omitted on authority of Proc. No. 2695, cited to text, and set out in note under section 1240 of Title 48, which proclaimed the independence of the Philippines.

#### TRANSFER OF FUNCTIONS

"Commission", as used in this section, originally read "Board", meaning the United States Shipping Board. For dissolution of said Board and transfer of its functions to United States Maritime Commission, see note under section 804 of this title.

#### § 878. Deductions allowed owners of documented vessels of United States for income and excess-profits tax purposes.

#### CODIFICATION

Section, act June 5, 1920, ch. 250, § 23, 41 Stat. 997, provided for allowance of deduction in determining net in-

come for the ten taxable years beginning with taxable year ending after June 5, 1920, of amount equivalent to net earnings of vessels operated in foreign trade provided owner has set aside funds for construction of new vessels of type approved by United States.

#### § 879. Exemption from income taxes on sales of documented vessels.

#### CODIFICATION

Section, acts June 5, 1920, ch. 250, § 23, 41 Stat. 998; May 29, 1928, 8:00 a. m., ch. 852, § 707, 45 Stat. 881, exempted proceeds of sales of vessels from income taxes when invested in building of new ships, for period of 10 years from June 5, 1920.

#### § 880. United States mails carried on American-built documented vessels.

All mails of the United States shipped or carried on vessels shall, if practicable, be shipped or carried on American-built vessels documented under the laws of the United States. No contract made after June 5, 1920, with the Postmaster General for carrying mails on vessels so built and documented shall be assigned or sublet, and no mails covered by such contract shall be carried on any vessel not so built and documented. No money shall be paid out of the Treasury of the United States on or in relation to any such contract for carrying mails on vessels so built and documented when such contract has been assigned or sublet or when mails covered by such contract are in violation of the terms thereof carried on any vessel not so built and documented. This section shall not be applicable in the case of contracts made under sections 891e-891q of this title. (June 5, 1920, ch. 250, § 24, 41 Stat. 998; May 22, 1928, ch. 675, § 414 (a), 45 Stat. 696.)

#### REFERENCES IN TEXT

Sections 891e-891q of this title referred to in text were repealed by act June 29, 1936, ch. 858, §§ 302 (f), 903 (c), 49 Stat. 1993, 2016.

#### § 881. Classification of vessels by American Bureau of Shipping.

For the classification of vessels owned by the United States, and for such other purposes in connection therewith as are the proper functions of a classification bureau, all departments, boards, bureaus, and commissions of the Government are directed to recognize the American Bureau of Shipping as their agency so long as the American Bureau of Shipping continues to be maintained as an organization which has no capital stock and pays no dividends: *Provided*, That the Commandant of the Coast Guard and the chairman of the commission shall each appoint one representative who shall represent the Government upon the executive committee of the American Bureau of Shipping, and the bureau shall agree that these representatives shall be accepted by them as active members of such committee. Such representatives of the Government shall serve without any compensation, except necessary traveling expenses: *Provided further*, That the official list of merchant vessels published by the Government shall contain a notation clearly indicating all vessels classed by the American Bureau of Shipping. (June 5, 1920, ch. 250, § 25, 41 Stat. 998; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016; 1946 Reorg.

Plan No. 3, §§ 101-104, eff. July 16, 1946, 11 F. R. 7875, 60 Stat. 1097.)

#### TRANSFER OF FUNCTIONS

"Commandant of the Coast Guard" was substituted for "Secretary of Commerce" on authority of 1946 Reorg. Plan No. 3, cited to text. See note under section 1 of this title.

"Commission," as used in this section, originally read "Board", meaning the United States Shipping Board. For dissolution of said Board and transfer of its functions to United States Maritime Commission, see note under section 804 of this title.

#### CROSS REFERENCES

American Bureau of Shipping to continue to function in connection with the Government, its bureaus, departments, boards, and commissions, as provided in this section, see section 369 of this title.

§ 882. Number of passengers cargo vessels may carry.

Cargo vessels documented under the laws of the United States may carry not to exceed sixteen persons in addition to the crew between any ports or places in the United States or its Districts, Territories, or possessions, or between any such port or place and any foreign port, or from any foreign port to another foreign port, and such vessels shall not be held to be "passenger vessels" or "vessels carrying passengers" within the meaning of the inspection laws and the rules and regulations thereunder: *Provided*, That nothing herein shall be taken to exempt such vessels from the laws, rules, and regulations respecting life-saving equipment: *Provided further*, That when any such vessel carries persons other than the crew as herein provided for, the owner, agent, or master of the vessel shall first notify such persons of the presence on board of any dangerous articles, as defined by law, or of any other condition or circumstance which would constitute a risk of safety for passenger or crew.

The privilege bestowed by this section on vessels of the United States shall be extended insofar as the foreign trade is concerned to the cargo vessels of any nation which allows the like privilege to cargo vessels of the United States in trades not restricted to vessels under its own flag.

Failure on the part of the owner, agent, or master of the vessel to give such notice shall subject the vessel to a penalty of \$500, which may be mitigated or remitted by the Commandant of the Coast Guard upon a proper representation of the facts. (June 5, 1920, ch. 250, § 26, 41 Stat. 998; 1946 Reorg. Plan No. 3, §§ 101-104, eff. July 16, 1946, 11 F. R. 7875, 60 Stat. 1097.)

#### TRANSFER OF FUNCTIONS

"Commandant of the Coast Guard" was substituted for "Secretary of Commerce" on authority of 1946 Reorg. Plan No. 3, cited to text. See note under section 1 of this title.

§ 883. Transportation of merchandise between points in United States in other than domestic-built and documented vessels.

No merchandise shall be transported by water, or by land and water, on penalty of forfeiture thereof, between points in the United States, including Districts, Territories, and possessions thereof embraced within the coastwise laws, either directly or via a foreign port, or for any part of the transportation, in any other vessel than a vessel built in and docu-

mented under the laws of the United States and owned by persons who are citizens of the United States, or vessels to which the privilege of engaging in the coastwise trade is extended by section 13 or 808 of this title: *Provided*, That no vessel having at any time acquired the lawful right to engage in the coastwise trade, either by virtue of having been built in, or documented under the laws of the United States, and later sold foreign in whole or in part, or placed under foreign registry, shall hereafter acquire the right to engage in the coastwise trade: *Provided further*, That this section shall not apply to merchandise transported between points within the continental United States, excluding Alaska, over through routes heretofore or hereafter recognized by the Interstate Commerce Commission for which routes rate tariffs have been or shall hereafter be filed with said Commission when such routes are in part over Canadian rail lines and their own or other connecting water facilities: *Provided further*, That this section shall not become effective upon the Yukon River until the Alaska Railroad shall be completed and the United States Maritime Commission shall find that proper facilities will be furnished for transportation by persons citizens of the United States for properly handling the traffic: *Provided further*, That this section shall not apply to the transportation of merchandise loaded on railroad cars or to motor vehicles with or without trailers, and with their passengers or contents when accompanied by the operator thereof, when such railroad cars or motor vehicles are transported in any railroad car ferry operated between fixed termini on the Great Lakes as a part of a rail route, if such car ferry is owned by a common carrier by water and operated as part of a rail route with the approval of the Interstate Commerce Commission, and if the stock of such common carrier by water, or its predecessor, was owned or controlled by a common carrier by rail prior to June 5, 1920, and if the stock of the common carrier owning such car ferry is, with the approval of the Interstate Commerce Commission, now owned or controlled by any common carrier by rail and if such car ferry is built in and documented under the laws of the United States. (June 5, 1920, ch. 250, § 27, 41 Stat. 999; Ex. Ord. No. 6166, § 12, June 10, 1933; Apr. 11, 1935, ch. 58, 49 Stat. 154; July 2, 1935, ch. 355, § 1, 49 Stat. 442; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016.)

#### TRANSFER OF FUNCTIONS

"United States Maritime Commission," as used in this section, originally read "Shipping Board," meaning the United States Shipping Board. For dissolution of said Board and transfer of its functions to United States Maritime Commission, see note under section 804 of this title.

#### SIMILAR PROVISIONS

Prior to the enactment of this section provisions relating to the same subject were contained in act Feb. 17, 1898, ch. 26, § 1, 30 Stat. 248 (former section 290 of this title).

#### TRANSPORTATION OF IRON ORE IN VESSELS OF CANADIAN REGISTRY

Act Jan. 27, 1942, ch. 21, 56 Stat. 19, as amended by act Aug. 1, 1942, ch. 544, 56 Stat. 735, provided: "That, by reason of emergency conditions in transportation on the Great Lakes, notwithstanding the provisions of section



27 of the Act of Congress approved June 5, 1920 (41 Stat. 999), as amended by Act of Congress approved April 11, 1935 (49 Stat. 154), and by Act of Congress approved July 2, 1935 (49 Stat. 442), (this section) or the provisions of any other Act of Congress or regulation, vessels of Canadian registry shall be permitted to transport iron ore between United States ports on the Great Lakes during the continuance of the present war and for six months after the termination of the war, or until such earlier time as the Congress by concurrent resolution or the President by proclamation may designate."

Similar provisions for year 1941 were contained in act May 31, 1941, ch. 158, 55 Stat. 236.

#### CROSS REFERENCES

Provisions restricting coastwise transportation to vessels of United States not applicable to American Samoa, see section 1433 of Title 48, Territories and Insular Possessions.

Waiver of compliance with section with respect to certain vessels, see notes under section 635 of Appendix to Title 50, War.

#### § 884. Charges for transportation subject to "Interstate Commerce Act."

No common carrier shall charge, collect, or receive for transportation subject to chapters 1, 8, 12, and 13 of Title 49, of persons or property, under any joint rate, fare, or charge, or under any export, import, or other proportional rate, fare, or charge, which is based in whole or in part on the fact that the persons or property affected thereby is to be transported to, or has been transported from, any port in a possession or dependency of the United States, or in a foreign country, by a carrier by water in foreign commerce, any lower rate, fare, or charge than that charged, collected, or received by it for the transportation of persons, or of a like kind of property, for the same distance, in the same direction, and over the same route, in connection with commerce wholly within the United States, unless the vessel so transporting such persons or property is, or unless it was at the time of such transportation by water, documented under the laws of the United States. Whenever the Maritime Commission is of the opinion, however, that adequate shipping facilities to or from any port in a possession or dependency of the United States or a foreign country are not afforded by vessels so documented, it shall certify this fact to the Interstate Commerce Commission, and the Interstate Commerce Commission may, by order, suspend the operation of the provisions of this section with respect to the rates, fares, and charges for the transportation by rail of persons and property transported from, or to be transported to such ports, for such length of time and under such terms and conditions as it may prescribe in such order, or in any order supplemental thereto. Such suspension of operation of the provisions of this section may be terminated by order of the Interstate Commerce Commission whenever the Maritime Commission is of the opinion that adequate shipping facilities by such vessels to such ports are afforded and shall so certify to the Interstate Commerce Commission. (June 5, 1920, ch. 250, § 28, 41 Stat. 999; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016.)

#### TRANSFER OF FUNCTIONS

"Maritime Commission," as used in this section, originally read "Board," meaning the United States Shipping Board. For dissolution of said Board and transfer of its

functions to United States Maritime Commission, see note under section 804 of this title.

#### § 885. Association of marine insurance companies; application of antitrust laws.

(a) Whenever used in this section—

(1) The term "association" means any association, exchange, pool, combination, or other arrangement for concerted action; and

(2) The term "marine insurance companies" means any persons, companies, or associations, authorized to write marine insurance or reinsurance under the laws of the United States or of a State, Territory, District, or possession thereof.

(b) Nothing contained in the "antitrust laws" as designated in section 12 of Title 15, shall be construed as declaring illegal an association entered into by marine insurance companies for the following purposes: To transact a marine insurance and reinsurance business in the United States and in foreign countries and to reinsure or otherwise apportion among its membership the risks undertaken by such association or any of the component members. (June 5, 1920, ch. 250, § 29, 41 Stat. 1000.)

#### § 886. Repealed. June 29, 1936, ch. 858, title IX, § 903 (b), 49 Stat. 2016.

Section, act June 5, 1920, ch. 250, § 35, 41 Stat. 1007, as affected by act Feb. 11, 1927, ch. 104, § 1, 44 Stat. 1083, authorized the Shipping Board to exercise its power and authority directly or through the United States Shipping Board Merchant Fleet Corporation.

#### § 887. Partial invalidity.

If any provision of this act is declared unconstitutional or the application of any provision to certain circumstances be held invalid, the remainder of such act and the application of such provisions to circumstances other than those as to which it is held invalid shall not be affected thereby. (June 5, 1920, ch. 250, § 36, 41 Stat. 1007.)

#### REFERENCES IN TEXT

Phrase "this act" refers to act June 5, 1920, cited to text, for distribution of which see note under section 861 of this title.

#### § 888. Definitions.

When used in this act, unless the context otherwise requires, the terms "person", "vessel", "documented under the laws of the United States"; and "citizen of the United States" shall have the meaning assigned to them by sections 801, 802, and 803 of this title; the term "commission" means the United States Maritime Commission; and the term "alien" means any person not a citizen of the United States. (June 5, 1920, ch. 250, § 37, 41 Stat. 1008; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016.)

#### REFERENCES IN TEXT

Phrase "this act" refers to act June 5, 1920, cited to text, for distribution of which see note under section 861 of this title.

#### TRANSFER OF FUNCTIONS

In this section as originally enacted "Commission" and "Maritime Commission" read "Board" and "Shipping Board," respectively, meaning the United States Shipping Board. For dissolution of the United States Shipping Board and transfer of its functions to the United States Maritime Commission, see note under section 804 of this title.



## § 889. "Merchant Marine Act.

The Act of June 5, 1920, chapter 250, may be cited as the "Merchant Marine Act, 1920." (June 5, 1920, ch. 250, § 39, 41 Stat. 1008.)

## REFERENCES IN TEXT

For distribution of act June 5, 1920, ch. 250, in this code, see note under section 861 of this title.

## Chapter 24A.—MERCHANT MARINE ACT, 1928

## Sec.

- 891. Declaration of policy.
- 891a. Repealed.
- 891b. Maritime Commission vessels; remodeling and improving.
- 891c. Same; replacements.
- 891d–891r. Repealed.
- 891s. Appropriations; authorization.
- 891t. Repealed.
- 891u. Definitions.
- 891v. Reaffirmation of policy in section 866.
- 891w. Ship operations; allocations.
- 891x. Short title.
- 891y. Limitation on salaries paid by ocean and air mail carriers.

## § 891. Declaration of policy.

The policy and the primary purpose declared in section 861 of this title are hereby confirmed. (May 22, 1928, ch. 675, § 1, 45 Stat. 689.)

## § 891a. Repealed. June 29, 1936, ch. 858, § 903 (c), 49 Stat. 2016.

Section, act May 22, 1928, ch. 675, § 201, 45 Stat. 690, related to the sale of any vessel or line of vessels by the United States Shipping Board.

## § 891b. Maritime Commission vessels; remodeling and improving.

In addition to its power to recondition and repair vessels under section 871 of this title, the United States Maritime Commission may remodel and improve vessels owned by the United States and in its possession or under its control, so as to equip them adequately for competition in the foreign trade of the United States. Any vessel so remodeled or improved shall be documented under the laws of the United States and shall remain documented under such laws for not less than five years from the date of the completion of the remodeling or improving and so long as there remains due the United States any money or interest on account of such vessel, and during such period it shall be operated only on voyages which are not exclusively coastwise. (May 22, 1928, ch. 675, § 202, 45 Stat. 690; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016.)

## TRANSFER OF FUNCTIONS

"United States Maritime Commission," as used in this section, originally read "Board," meaning the United States Shipping Board. For dissolution of said Board and transfer of its functions to United States Maritime Commission, see note under section 804 of this title.

## § 891c. Same; replacements.

The necessity for the replacement of vessels owned by the United States and in the possession or under the control of the commission and the construction for the commission of additional up-to-date cargo, combination cargo and passenger, and passenger ships, to give the United States an ade-

quate merchant marine, is recognized, and the commission is authorized and directed to present to Congress from time to time, recommendations setting forth what new vessels are required for permanent operation under the United States flag in foreign trade, and the estimated cost thereof, to the end that Congress may, from time to time, make provision for replacements and additions. All vessels built for the commission shall be built in the United States, and they shall be planned with reference to their possible usefulness as auxiliaries to the naval and military services of the United States. (May 22, 1928, ch. 675, § 203, 45 Stat. 690; Ex. Ord. No. 6166, § 12, June 10, 1933; June 29, 1936, ch. 858, §§ 204, 904, 49 Stat. 1987, 2016.)

## TRANSFER OF FUNCTIONS

"Commission," as used in this section, originally read "Board," meaning the United States Shipping Board. For dissolution of said Board and transfer of its functions to United States Maritime Commission, see note under section 804 of this title.

## § 891d. Repealed. June 29, 1936, ch. 858, § 903 (c), 49 Stat. 2016.

Section, act May 22, 1928, ch. 675, § 302, 45 Stat. 692, related to the construction loan fund created by section 870 of this title, also repealed. See section 1116 of this title.

## §§ 891e–891q. Repealed. June 29, 1936, ch. 858, §§ 302 (f), 903 (c), 49 Stat. 1993, 2016.

Sections, acts May 22, 1928, ch. 675, §§ 401–413, 45 Stat. 692–696; Apr. 17, 1930, ch. 173, §§ 1–3, 46 Stat. 169, 170, related to ocean mail service and contracts therefor.

## SAVINGS CLAUSE

Act June 29, 1936, ch. 858, § 903 (c), 49 Stat. 2016, contained a proviso "That any contract lawfully entered into under authority of sections 401 to 413, inclusive, of such act (sections 891e–891q of this title) shall remain in full force and effect as though these sections were not repealed, subject, however, to the further provisions of this act."

## § 891r. Repealed. June 29, 1936, ch. 858, § 903 (c), 49 Stat. 2016.

Section, act May 22, 1928, ch. 675, § 601, 45 Stat. 697, related to travel on vessels registered under laws of United States by officers and employees traveling on official business. It was reenacted in substance by section 901 of the repealing act. See section 1241 of this title.

## § 891s. Appropriations; authorization.

The appropriations necessary to carry out the provisions and accomplish the purposes of this act are authorized. (May 22, 1928, ch. 675, § 701, 45 Stat. 697.)

## REFERENCES IN TEXT

Phrase "this act" refers to act May 22, 1928, cited to text, which is contained in this chapter, sections 866, 869, and 880 of this title and section 654 of Title 39, The Postal Service.

## § 891t. Repealed. June 29, 1936, ch. 858, § 903 (c), 49 Stat. 2016.

Section, act May 22, 1928, ch. 675, § 702, 45 Stat. 697, related to the requisition of vessels by the United States for national defense or during a national emergency. See section 1242 of this title.

## § 891u. Definitions.

(a) When used in this act, and for the purposes of this act only, the words "foreign trade" mean trade between the United States, its Territories